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SENATE

REPORT
101-190

REAUTHORIZING THE DEEP SEABED HARD MINERAL RESOURCES ACT OF 1980

NOVEMBER 6, 1989.—Ordered to be printed

Mr. JOHNSTON, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany H.R. 2120]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 2120), to amend the Deep Seabed Hard Mineral Resources Act to authorize appropriations to carry out the provisions of the Act for fiscal years 1990, 1991, 1992, 1993, and 1994, having considered the same, reports favorably thereon without amendment and recommends that the Act do pass.

PURPOSE OF THE MEASURE

H.R. 2120, as recommended by the Committee, provides for a 5-year reauthorization of the Deep Seabed Hard Mineral Resources Act (DSHMRA) and authorizes to be appropriated $1.525 million each year.

BACKGROUND AND NEED

The DSHMRA regulates ocean mining of hard mineral resources by United States citizens in international waters and is administered by the National Oceanic and Atmospheric Administration (NOAA) of the Department of Commerce.

The intent of the law when first enacted in 1980 was to provide a regulatory framework for ocean mining on an interim basis pending approval of the Law of the Sea Treaty. The Act envisions an orderly progression from no regulation, to U.S. regulation of its citizens with recognition of miners operating under similar regimes in other countries, to mining under an international regime. The United States in 1982 declined to sign the Law of the Sea Treaty,

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and since then the DSHMRA has been reauthorized three times, in 1983, 1984, and 1986. The Act does not assert U.S. sovereignty or jurisdiction over, or the ownership of, any areas or resources in the deep seabed.

The primary purposes of the DSHMRA are as follows:

To establish an interim program to regulate the exploration for and commercial recovery of hard mineral resources of the deep seabed by U.S. citizens;

To accelerate the program of environmental assessment of exploration for and commercial recovery of hard mineral resources and to assure that such activities are conducted in a manner that will encourage the conservation of such resources, protect the quality of the environment, and promote the safety of life and property at sea; and

To encourage the continued development of technology necessary to recover the hard mineral resources of the deep seabed.

The DSHMRA defines "hard mineral resource" as nodules on, or just below, the surface of the deep seabed, which include one or more minerals, at least one of which contains manganese, nickel, cobalt, or copper. The manganese nodules are fist-sized, potato-shaped concretions. One of the most promising areas for manganese nodules is in the east-central Pacific Ocean southeast of Hawaii. Comprising an area of approximately 3.8 million square nautical miles, this zone is known as the Clarion-Clipperton Zone. The nodules in the area contain an average metal content of 25.2 percent manganese, 1.25 percent nickel, 1.03 percent copper and 0.25 percent cobalt. The minerals are considered strategic and critical, and as such are stockpiled in the National Defense Stockpile.

While commercial recovery of manganese nodules still lies in the future and is dependent on worldwide metal markets, four mining consortia in 1984 applied for, and received, exploration licenses pursuant to rules governing deep seabed exploration issued by NOAA in 1981. The licenses authorize exploration activities in areas within the Clarion-Clipperton Zone for a period of 10 years. At this time, the licensees are primarily engaged in project planning and the analysis of data previously obtained.

NOAA issued final regulations governing commercial recovery on January 6, 1989, although no company is expected to apply for a commercial recovery permit for the next 5 years, and commercial recovery is not expected until 10 years after application for a permit.

Pursuant to DSHMRA, NOAA in 1981 published a final Programmatic Environmental Impact Statement, which identified environmental concerns for future resolution and included the results of a 5-year study that examined the potential environmental effects of nodule mining and assessed environmental impacts from exploration and commercial recovery activities. Site-specific Environmental Impact Statements were completed for the four exploration licenses issued in 1984. NOAA currently is concentrating its efforts on environmental studies in support of future regulatory decisions, the focus being the nature and significance of mining impacts on sea floor marine life. NOAA is also in the process of designating

stable reference areas pursuant to the DSHMRA to evaluate further the environmental impacts of deep seabed mining.

Legislative History

On September 29, 1989, Senator Bingaman introduced S. 1700, which was referred to the Committee on Energy and Natural Resources, and subsequently referred to the Subcommittee on Mineral Resources Development and Production.

H.R. 2120 was introduced on April 26, 1989 by Congressman Craig on behalf of himself and Congressman Rahall, and was referred jointly to the Committees on Foreign Affairs, Interior and Insular Affairs, and Merchant Marine and Fisheries. On June 28, 1989, the Committee on Interior and Insular Affairs ordered H.R. 2120 reported, as amended (Report No. 101-175 Part I), and the Committee on Merchant Marine and Fisheries ordered the bill reported, as amended, on July 13, 1989 (Report No. 101-175 Part II). The Committee on Foreign Affairs ordered H.R. 2120 reported on October 11, 1989. The House of Representatives passed H.R. 2120, as amended, on October 23, 1989, and the bill was received in the Senate and referred to the Committee on Energy and Natural Resources on October 25, 1989.

The Committee having considered S. 1700, ordered reported the identical Act, H.R. 2120, on November 1, 1989.

Committee Recommendation and Tabulation of Votes

The Senate Committee on Energy and Natural Resources, in an open business session on November 1, 1989, by unanimous vote of a quorum present, recommends that the Senate pass H.R. 2120.

The rollcall vote on reporting the matter to the Senate was 18 yeas and 0 nays as follows:

YEAS

Mr. Johnston
Mr. Bumpers
Mr. Ford
Mr. Metzenbaum*
Mr. Bradley
Mr. Bingaman*
Mr. Wirth
Mr. Conrad
Mr. Heflin
Mr. McClure
Mr. Hatfield
Mr. Domenici*
Mr. Wallop*
Mr. Murkowski
Mr. Nickles*
Mr. Burns
Mr. Garn*
Mr. McConnell

* Indicates voted by proxy.

Section-By-Section Analysis

Section 1 amends section 310 of the Deep Seabed Hard Mineral Resources Act (30 U.S.C. 1470) by striking "and" immediately after "September 30, 1986"; and inserting ", and $1,525,000 for each of the fiscal years 1990, 1991, 1992, 1993, and 1994" immediately before the period at the end thereof.

Cost and Budgetary Considerations

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

U.S. Congress,
Congressional Budget Office,
Washington, DC, November 2, 1989.

Hon. J. Bennett Johnston, Jr.,
Chairman, Committee on Energy and Natural Resources,
U.S. Senate, Washington, DC.

Dear Mr. Chairman, The Congressional Budget Office has prepared the attached cost estimate for H.R. 2120, an act to amend the Deep Seabed Hard Mineral Resources Act to authorize appropriations to carry out the provisions of the act for fiscal years 1990, 1991, 1992, 1993, and 1994.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

Robert D. Reischauer,
Director.

Congressional Budget Office Cost Estimate

1. Bill number: H.R. 2120.
2. Bill title: An act to amend the Deep Seabed Hard Mineral Resources Act to authorize appropriations to carry out the provisions of the Act for fiscal years 1990, 1991, 1992, 1993, and 1994.
3. Bill status: As ordered reported by the Senate Committee on Energy and Natural Resources, November 1, 1989.
4. Bill purpose: H.R. 2120 would authorize the appropriation of $1.5 million annually for fiscal years 1990 through 1994 to the National Oceanic and Atmospheric Administration for activities related to deep seabed mining.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1990	1991	1992	1993	1994
Authorization level	1.5	* 1.5	1.5	1.5	1.5
Estimated outlays	1.0	1.4	1.5	1.5	1.5

The costs of this legislation would be in budget function 300.

Basis of estimate: This estimate assumes that the full amounts authorized would be appropriated for each fiscal year. The estimated outlays are based on historical spending patterns.

6. Estimated cost to State and local governments: None.
7. Estimate comparison: None.
8. Previous CBO estimates: CBO has previously prepared three estimates for H.R. 2120—the first was prepared on July 5, 1989 for the bill as ordered reported by the House Committee on Interior and Insular Affairs on June 28, 1989; the second was prepared on July 17, 1989 for the bill as ordered reported by the House Committee on Merchant Marine and Fisheries on July 13, 1989; the third was prepared on October 17, 1989 for the bill as ordered reported by the House Committee on Foreign Affairs on October 11, 1989. The estimates prepared for the House Merchant Marine and House Interior versions of this bill are identical to this estimate. The estimate prepared for the House Foreign Affairs version was different, because that version would authorize appropriations only through 1992.
9. Estimate prepared by: Michael Sieverts.
10. Estimate approved by: C.G. Nuckols, for James L. Blum, Assistant Director for Budget Analysis.

Regulatory Impact Evaluation

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in implementing H.R. 2120. The Act is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of H.R. 2120.

Executive Communications

On October 11, 1989, the Committee on Energy and Natural Resources requested legislative reports from the Department of Commerce and the Office of Management and Budget setting forth executive views on S. 1700. These reports had not been received at the time the report on H.R. 2120 was filed. When the reports become available, the Chairman will request that they be printed in the Congressional Record for the advice of the Senate.

The House Committee on Merchant Marine and Fisheries received the following report on H.R. 2120, as introduced:

U.S. Department of State,
Washington, DC, June 27, 1989.

Hon. Walter B. Jones,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives, Washington, DC.

Dear Mr. Chairman: Thank you for the opportunity to comment on H.R. 2120, a bill to amend the Deep Seabed Hard Mineral Resources Act to authorize appropriations to carry out the provisions of the Act for fiscal years 1990, 1991, and 1992. The Department supports the reauthorization as we believe the Act is a critical element in our efforts to ensure our access to deep seabed minerals

including a number of minerals of strategic importance to the United States. While the economic prospects for deep seabed mining are uncertain in the near term, we believe it is important to maintain the certainty and predictability necessary to encourage the continuing activities of U.S. companies.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

With best wishes,

Sincerely,

JANET G. MULLINS,
Assistant Secretary, Legislative Affairs.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the Act H.R. 2120, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

30 U.S.C. 1470

§ 1470. Authorization of appropriations

There are authorized to be appropriated to the Administrator, for purposes of carrying out the provisions of subchapters I and II of this chapter and this subchapter, such sums as may be necessary for the fiscal years ending September 30, 1981, and September 30, 1982, and $1,469,000 for the fiscal year ending September 30, 1983, $2,150,000 for the fiscal years ending September 30, 1984, $1,500,000 for each of the fiscal years ending September 30, 1985, and September 30, 1986, [and] $1,500,000 for each of the fiscal years ending September 30, 1987, September 30, 1988, and September 30, 1989, *and $1,525,000 for each of the fiscal years 1990, 1991, 1992, 1993, and 1994.*

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